

SENATE BILL No. 549

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4; IC 4-30; IC 20-12-22.2.

Synopsis: Lottery proceeds. Provides that surplus lottery revenue exceeding \$200,000,000 must be transferred to the Indiana finance authority debt service for bonds issued under the Indiana opportunity program. Establishes the Indiana opportunity program and provides for the program to be administered by the Indiana finance authority. Authorizes the Indiana finance authority to issue bonds to fund the Indiana opportunity fund to provide grants to enable state universities to attract and retain faculty and to provide money for the Indiana opportunity scholarship program. Establishes the Indiana opportunity scholarship program to award scholarships to students who agree to live and work in Indiana for at least four years following their graduation.

Effective: July 1, 2007.

Simpson

January 23, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 549

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-11-15, AS AMENDED BY P.L.181-2006,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 15. (a) The authority is granted all powers
4 necessary or appropriate to carry out and effectuate its public and
5 corporate purposes under the affected statutes, including but not
6 limited to the following:

7 (1) Have perpetual succession as a body politic and corporate and
8 an independent instrumentality exercising essential public
9 functions.

10 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
11 bylaws, rules, guidelines, and policies not inconsistent with the
12 affected statutes, and necessary or convenient to regulate its
13 affairs and to carry into effect the powers, duties, and purposes of
14 the authority and conduct its business under the affected statutes.
15 These bylaws, rules, guidelines, and policies must be made by a
16 resolution of the authority introduced at one (1) meeting and
17 approved at a subsequent meeting of the authority.

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- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the state as it may designate.
- (6) Make, execute, and enforce contracts and all other instruments necessary, convenient, or desirable for the purposes of the authority or pertaining to:
 - (A) a purchase, acquisition, or sale of securities or other investments; or
 - (B) the performance of the authority's duties and execution of any of the authority's powers under the affected statutes.
- (7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.
- (8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.
- (9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by the affected statutes. Notwithstanding any other law, the:
 - (A) issuance by the authority of any indebtedness that establishes a procedure for the authority or a person acting on behalf of the authority to certify to the general assembly the amount needed to restore a debt service reserve fund or another fund to required levels; or
 - (B) execution by the authority of any other agreement that creates a moral obligation of the state to pay all or part of any indebtedness issued by the authority;
 is subject to review by the budget committee and approval by the budget director.
- (10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.
- (11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of

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1 money, property, labor, or other things of value to be held, used,
 2 and applied to carry out the purposes of the affected statutes,
 3 subject to the conditions upon which the grants or contributions
 4 are made, including but not limited to gifts or grants from any
 5 department, agency, or instrumentality of the United States, and
 6 lease or otherwise acquire, own, hold, improve, employ, use, and
 7 otherwise deal in and with real or personal property or any
 8 interest in real or personal property, wherever situated, for any
 9 purpose consistent with the affected statutes.

10 (12) Enter into agreements with any department, agency, or
 11 instrumentality of the United States or this state and with lenders
 12 and enter into loan agreements, sales contracts, and leases with
 13 contracting parties, including participants (as defined in
 14 IC 13-11-2-151.1) for any purpose permitted under IC 13-18-13
 15 or IC 13-18-21, borrowers, lenders, developers, or users, for the
 16 purpose of planning, regulating, and providing for the financing
 17 and refinancing of any agricultural enterprise (as defined in
 18 IC 15-7-4.9-2), rural development project (as defined in
 19 IC 15-7-4.9-19.5), industrial development project, purpose
 20 permitted under IC 13-18-13 and IC 13-18-21, or international
 21 exports, and distribute data and information concerning the
 22 encouragement and improvement of agricultural enterprises and
 23 agricultural employment, rural development projects, industrial
 24 development projects, international exports, and other types of
 25 employment in the state undertaken with the assistance of the
 26 authority under this chapter.

27 (13) Enter into contracts or agreements with lenders and lessors
 28 for the servicing and processing of loans and leases pursuant to
 29 the affected statutes.

30 (14) Provide technical assistance to local public bodies and to
 31 profit and nonprofit entities in the development or operation of
 32 agricultural enterprises, rural development projects, and industrial
 33 development projects.

34 (15) To the extent permitted under its contract with the holders of
 35 the bonds of the authority, consent to any modification with
 36 respect to the rate of interest, time, and payment of any
 37 installment of principal or interest, or any other term of any
 38 contract, loan, loan note, loan note commitment, contract, lease,
 39 or agreement of any kind to which the authority is a party.

40 (16) To the extent permitted under its contract with the holders of
 41 bonds of the authority, enter into contracts with any lender
 42 containing provisions enabling it to reduce the rental or carrying

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charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Notwithstanding IC 5-13, but subject to the requirements of any trust agreement entered into by the authority, invest:

(A) the authority's money, funds, and accounts;

(B) any money, funds, and accounts in the authority's custody; and

(C) proceeds of bonds or notes;

in the manner provided by an investment policy established by resolution of the authority.

(18) Fix and revise periodically, and charge and collect, fees and charges as the authority determines to be reasonable in connection with:

(A) the authority's loans, guarantees, advances, insurance, commitments, and servicing; and

(B) the use of the authority's services or facilities.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of the affected statutes.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by

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section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; or

(B) eligible expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules and guidelines governing its activities authorized under the affected statutes.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including

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insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of the affected statutes.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Acquire, hold, use, and dispose of the authority's income, revenues, funds, and money.

(47) Purchase, acquire, or hold debt securities or other investments for the authority's own account at prices and in a manner the authority considers advisable, and sell or otherwise dispose of those securities or investments at prices without relation to cost and in a manner the authority considers advisable.

(48) Fix and establish terms and provisions with respect to:

(A) a purchase of securities by the authority, including dates and maturities of the securities;

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(B) redemption or payment before maturity; and

(C) any other matters that in connection with the purchase are necessary, desirable, or advisable in the judgment of the authority.

(49) To the extent permitted under the authority's contracts with the holders of bonds or notes, amend, modify, and supplement any provision or term of:

(A) a bond, a note, or any other obligation of the authority; or

(B) any agreement or contract of any kind to which the authority is a party.

(50) Subject to the authority's investment policy, do any act and enter into any agreement pertaining to a swap agreement (as defined in IC 8-9.5-9-4) related to the purposes of the affected statutes in accordance with IC 8-9.5-9-5 and IC 8-9.5-9-7, whether the action is incidental to the issuance, carrying, or securing of bonds or otherwise.

(51) Do any act necessary or convenient to the exercise of the powers granted by the affected statutes, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(52) Administer the Indiana opportunity program under IC 4-4-34.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers. The omission of a power from the list in subsection (a) does not imply that the authority lacks that power. The authority may exercise any power that is not listed in subsection (a) but is consistent with the powers listed in subsection (a) to the extent that the power is not expressly denied by the Constitution of the State of Indiana or by another statute.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

(d) The authority shall work with and assist the Indiana health and educational facility financing authority established by IC 5-1-16-2, the Indiana housing and community development authority established by IC 5-20-1-3, the Indiana port commission established under IC 8-10-1, and the state fair commission established by IC 15-1.5-2-1 in the issuance of bonds, notes, or other indebtedness. The Indiana health and educational facility financing authority, the Indiana housing and

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community development authority, the Indiana port commission, and the state fair commission shall work with and cooperate with the authority in connection with the issuance of bonds, notes, or other indebtedness.

SECTION 2. IC 4-4-34 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 34. Indiana Opportunity Program

Sec. 1. As used in this chapter, "authority" refers to the Indiana finance authority created by IC 4-4-11-4.

Sec. 2. As used in this chapter, "bonds" means any bonds, notes, debentures, interim certificates, revenue anticipation notes, warrants, or any other evidences of indebtedness of the authority.

Sec. 3. As used in this chapter, "financial institution" has the meaning set forth in IC 5-13-4-10.

Sec. 4. As used in this chapter, "holder" means a person who is:

- (1) the bearer of any outstanding bond or note that is registered to bearer or not registered; or
- (2) the registered owner of any outstanding bond or note that is registered other than to bearer.

Sec. 5. As used in this chapter, "person" means any individual, partnership, firm, association, joint venture, limited liability company, or corporation.

Sec. 6. As used in this chapter, "reserve fund" means a reserve fund established under section 15 of this chapter.

Sec. 7. (a) The authority may issue its bonds under this chapter in principal amounts that the authority considers necessary to provide funds for the purposes of this chapter, including the following:

- (1) Providing a source of money for endowing the Indiana opportunity fund established by section 20 of this chapter.
- (2) The payment, funding, or refunding of the principal of, or interest or redemption premiums on, bonds issued by the authority under this chapter, whether the bonds or interest to be paid, funded, or refunded have or have not become due.
- (3) The establishment or increase of reserves to secure or to pay bonds or interest on bonds and all other costs or expenses of the authority incident to and necessary or convenient to carrying out the authority's corporate purposes and powers under this chapter.

(b) Every issue of bonds under this chapter shall be obligations of the authority payable solely out of the revenues or funds of the

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1 authority under section 15 of this chapter, subject to agreements
 2 with the holders of a particular series of bonds pledging a
 3 particular revenue or fund. Bonds may be additionally secured by
 4 a pledge of a grant or contributions from the United States, a
 5 political subdivision, or a person, or by a pledge of income or
 6 revenues, funds, or money of the authority from any source.

7 Sec. 8. (a) A bond of the authority issued under this chapter:

8 (1) is not a debt, liability, loan of the credit, or pledge of the
 9 faith and credit of the state or of any political subdivision;

10 (2) is payable solely from the money pledged or available for
 11 its payment under this chapter, unless funded or refunded by
 12 bonds of the authority; and

13 (3) must contain on its face a statement that the authority is
 14 obligated to pay principal and interest, and redemption
 15 premiums, if any, and that the faith, credit, and taxing power
 16 of the state are not pledged to the payment of the bond.

17 (b) The state pledges to and agrees with the holders of the bonds
 18 issued under this chapter that the state will not:

19 (1) limit or restrict the rights vested in the authority to fulfill
 20 the terms of any agreement made with the holders of its
 21 bonds; or

22 (2) in any way impair the rights or remedies of the holders of
 23 the bonds;

24 until the bonds, together with the interest on the bonds, and
 25 interest on unpaid installments of interest, and all costs and
 26 expenses in connection with an action or proceeding by or on
 27 behalf of the holders, are fully met, paid, and discharged.

28 Sec. 9. The bonds of the authority issued under this chapter are
 29 negotiable instruments for all purposes of the Uniform
 30 Commercial Code (IC 26), subject only to the provisions of the
 31 bonds for registration.

32 Sec. 10. (a) Bonds of the authority issued under this chapter
 33 must be authorized by resolution of the authority, may be issued in
 34 one (1) or more series, and must:

35 (1) bear the date;

36 (2) mature at the time or times;

37 (3) be in the denomination;

38 (4) be in the form;

39 (5) carry the conversion or registration privileges;

40 (6) have the rank or priority;

41 (7) be executed in the manner;

42 (8) be payable from the sources in the medium of payment at

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1 the place inside or outside Indiana; and
 2 (9) be subject to the terms of redemption;
 3 as the resolution of the authority or the trust agreement securing
 4 the bonds provides.

5 (b) Bonds may be issued under this chapter without obtaining
 6 the consent of any state agency and without any other proceeding
 7 or condition other than the proceedings or conditions specified in
 8 this chapter. However, the total principal of all outstanding bonds
 9 issued under this chapter may not exceed one billion dollars
 10 (\$1,000,000,000). Bonds may not be issued under this chapter after
 11 June 30, 2011, except for bonds issued to refinance bonds originally
 12 issued before July 1, 2011.

13 (c) The rate or rates of interest on the bonds may be fixed or
 14 variable. Variable rates shall be determined in the manner and in
 15 accordance with the procedures set forth in the resolution
 16 authorizing the issuance of the bonds. Bonds bearing a variable
 17 rate of interest may be converted to bonds bearing a fixed rate or
 18 rates of interest and bonds bearing a fixed rate or rates of interest
 19 may be converted to bonds bearing a variable rate of interest, to
 20 the extent and in the manner set forth in the resolution under
 21 which the bonds are issued. The interest on bonds may be payable
 22 semiannually or annually or at any other interval or intervals as
 23 may be provided in the resolution, or the interest may be
 24 compounded and paid at maturity or at any other times as may be
 25 specified in the resolution.

26 (d) The bonds may be made subject to mandatory redemption
 27 by the authority at the times and under the circumstances set forth
 28 in the authorizing resolution.

29 Sec. 11. Bonds of the authority may be sold under this chapter
 30 at public or private sale at the price the authority determines. If
 31 bonds of the authority are to be sold at public sale, the authority
 32 shall publish notice of the sale for two (2) weeks in two (2)
 33 newspapers published and of general circulation in Indianapolis.

34 Sec. 12. The authority may periodically issue its bonds under
 35 this chapter and pay and retire the principal of the bonds or pay
 36 the interest due thereon or fund or refund the bonds from proceeds
 37 of bonds or from other funds or money of the authority available
 38 for that purpose in accordance with a contract between the
 39 authority and the holders of the bonds.

40 Sec. 13. (a) In the discretion of the authority, any bonds issued
 41 under this chapter may be secured by a trust agreement by and
 42 between the authority and a corporate trustee, which may be any

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1 trust company or bank having the powers of a trust company
2 within or outside Indiana.

3 (b) The trust agreement or the resolution providing for the
4 issuance of the bonds may contain provisions for protecting and
5 enforcing the rights and remedies of the holders of the bonds that
6 are reasonable and proper and not in violation of law.

7 (c) The trust agreement or resolution referred to in subsection
8 (b) may set forth the rights and remedies of the holders of any
9 bonds and of the trustee and may restrict the individual right of
10 action by the holders.

11 (d) In addition to the provisions authorized by subsections (a),
12 (b), and (c), any trust agreement or resolution may contain other
13 provisions the authority considers reasonable and proper for the
14 security of the holders of any bonds.

15 (e) All expenses incurred in carrying out the trust agreement or
16 resolution may be paid from revenues or assets pledged or assigned
17 to the payment of the principal of and the interest on bonds or
18 from any other funds available to the authority.

19 Sec. 14. The authority may purchase bonds of the authority
20 issued under this chapter out of the authority's funds or money
21 available for the purchase of its own bonds. The authority may
22 hold, cancel, or resell the bonds subject to, and in accordance with,
23 agreements with holders of its bonds. Unless canceled, bonds held
24 by the authority are considered to be held for resale or transfer
25 and the obligation evidenced by the bonds shall not be considered
26 to be extinguished.

27 Sec. 15. (a) The authority may establish and maintain a debt
28 service fund, and if necessary, a reserve fund, for each issue of
29 bonds under this chapter. If the authority establishes a debt service
30 fund or a debt service fund and a reserve fund for an issue of bonds
31 under this chapter, the following shall be deposited in or
32 transferred to the fund for funds:

33 (1) All money appropriated by the general assembly for the
34 purpose of the fund in accordance with section 18(a) of this
35 chapter.

36 (2) All money transferred to the authority under
37 IC 4-30-16-3(c).

38 (3) All proceeds of bonds required to be deposited in the fund
39 by terms of a contract between the authority and its holders
40 or a resolution of the authority with respect to the proceeds of
41 bonds.

42 (4) All other money appropriated by the general assembly to

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the funds.

(5) Any other money or funds of the authority that the authority decides to deposit in either fund.

(b) Subject to section 18(b) of this chapter, money in any reserve fund established under subsection (a) shall be held and applied solely to the payment of the interest on and principal of bonds of the authority as the interest and principal become due and payable and for the retirement of bonds.

(c) Money in any reserve fund established under subsection (a) in excess of the required debt service reserve, whether by reason of investment or otherwise, may be withdrawn at any time by the authority and transferred to another fund or account of the authority, subject to the provisions of any agreement with the holders of any bonds.

Sec. 16. Money in any reserve fund established for an issue of bonds may be invested in the manner provided in the trust agreement or the resolution authorizing issuance of the bonds.

Sec. 17. (a) For purposes of valuation, investments in a reserve fund shall be valued at par, or if purchased at less than par, at cost unless otherwise provided by resolution or trust agreement of the authority.

(b) Valuation under subsection (a) on a particular date shall include the amount of interest then earned or accrued to that date on the money or investments in the reserve fund.

Sec. 18. (a) In order to assure the payment of debt service on bonds of the authority issued under this chapter or maintenance of the required debt service reserve in any reserve fund, the general assembly may annually or biannually appropriate to the authority for deposit in one (1) or more of the funds the sum, certified by the chairman of the authority to the general assembly, that is necessary to pay the debt service on the bonds or to restore one (1) or more of the funds to an amount equal to the required debt service reserve. The chairman annually, before December 1, shall make and deliver to the general assembly the chairman's certificate stating the sum required to pay debt service on the bonds or to restore one (1) or more of the funds to an amount equal to the required debt service reserve. This subsection does not create a debt or liability of the state to make any appropriation.

(b) All amounts received on account of money appropriated by the state under subsection (a) to any fund shall be held and applied in accordance with section 15(b) of this chapter. However, at the end of each fiscal year, if the amount in any fund exceeds the debt

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1 service or required debt service reserve, any amount representing
 2 earnings or income received on account of any money appropriated
 3 to the funds that exceeds the expenses of the authority for that
 4 fiscal year may be transferred to the Indiana opportunity fund
 5 established by section 20(a) of this chapter.

6 Sec. 19. Subject to any agreement with its holders, the authority
 7 may combine a reserve fund established for an issue of bonds
 8 under this chapter into one (1) or more reserve funds.

9 Sec. 20. (a) The Indiana opportunity fund is established to
 10 provide:

11 (1) grants to state educational institutions (as defined in
 12 IC 20-12-0.5-1) for the purpose of attracting and retaining
 13 faculty members; and

14 (2) money for the Indiana opportunity scholarship fund
 15 established by IC 20-12-22.2-4.

16 (b) The Indiana opportunity fund consists of the proceeds of
 17 bonds issued under this chapter. The authority shall administer the
 18 fund.

19 (c) The authority may establish additional reserves or other
 20 funds or accounts as the authority considers necessary, desirable,
 21 or convenient to further the accomplishment of the authority's
 22 purposes or to comply with any of the authority's agreements or
 23 resolutions.

24 Sec. 21. Unless the resolution or trust agreement authorizing the
 25 issuance of the bonds provides otherwise, money or investments in
 26 a fund or account of the authority established or held under this
 27 chapter for the payment of bonds shall be applied to the payment
 28 or retirement of the bonds, and to no other purpose.

29 Sec. 22. (a) An action to contest the validity of any bonds of the
 30 authority to be sold under this chapter at public sale may not be
 31 brought after the fifteenth day following the first publication of
 32 notice of the sale of the bonds. An action to contest the validity of
 33 any bond sale under this chapter may not be brought after the fifth
 34 day following the bond sale.

35 (b) If bonds are sold under this chapter at private sale, an action
 36 to contest the validity of the bonds may not be brought after the
 37 fifteenth day following the adoption of the resolution authorizing
 38 the issuance of the bonds.

39 (c) If an action challenging the bonds of the authority is not
 40 brought within the time prescribed by subsection (a) or (b),
 41 whichever is applicable, all bonds of the authority are conclusively
 42 presumed to be fully authorized and issued under the laws of

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1 Indiana, and a person is estopped from questioning the
2 authorization, sale, issuance, execution, or delivery of the bonds by
3 the authority.

4 (d) If this chapter is inconsistent with any other general law, this
5 chapter controls.

6 Sec. 23. All property of the authority is exempt from levy and
7 sale by virtue of an execution and no execution or other judicial
8 process may issue against the property. A judgment against the
9 authority may not be a charge or lien upon its property. However,
10 this section does not apply to or limit the rights of the holder of
11 bonds to pursue a remedy for the enforcement of a pledge or lien
12 given by the authority on the authority's revenues or other money.

13 Sec. 24. A pledge of revenues or other money made by the
14 authority under this chapter is binding from the time the pledge is
15 made. Revenues or other money so pledged and thereafter received
16 by the authority are immediately subject to the lien of the pledge
17 without any further act, and the lien of a pledge is binding against
18 all parties having claims of any kind in tort, contract, or otherwise
19 against the authority, regardless of whether the parties have notice
20 of the lien. Neither the resolution nor any other instrument by
21 which a pledge is created needs to be filed or recorded except in the
22 records of the authority.

23 Sec. 25. The chairman of the authority may receive from the
24 United States of America or any department or agency thereof or
25 any state agency any amount of money as and when appropriated,
26 allocated, granted, turned over, or in any way provided for the
27 purposes of the authority or this chapter, and those amounts shall,
28 unless otherwise directed by the federal authority, be credited to
29 and be available to the authority.

30 Sec. 26. (a) A financial institution may give to the authority a
31 good and sufficient undertaking with such sureties as are approved
32 by the authority to the effect that the financial institution shall
33 faithfully keep and pay over to the order of or upon the warrant of
34 the authority or the authority's authorized agent all those funds
35 deposited with the financial institution by the authority and agreed
36 interest under or by reason of this chapter, at such times or upon
37 such demands as may be agreed with the authority or instead of
38 these sureties, deposit with the authority or the authority's
39 authorized agent or a trustee or for the holders of bonds, as
40 collateral, those securities as the authority may approve.

41 (b) The deposits of the authority may be evidenced by an
42 agreement in the form and upon the terms and conditions that may

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be agreed upon by the authority and the financial institution.

Sec. 27. The authority may enter into agreements or contracts with a financial institution inside or outside Indiana as the authority considers necessary, desirable, or convenient for rendering services in connection with the care, custody, or safekeeping of securities or other investments held or owned by the authority, for rendering services in connection with the payment or collection of amounts payable as to principal or interest, and for rendering services in connection with the delivery to the authority of securities or other investments purchased by or sold by the authority, and to pay the cost of those services. The authority may also, in connection with any of the services to be rendered by a financial institution as to the custody and safekeeping of its securities or investments, require security in the form of collateral bonds, surety agreements, or security agreements in such form and amount as, the authority considers necessary or desirable.

Sec. 28. Notwithstanding the restrictions of any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds issued under this chapter.

Sec. 29. All property of the authority is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments, direct or indirect, of the state or a political subdivision of the state. All bonds issued under this chapter are issued by a body corporate and public of the state, but not a state agency, and are issued for an essential public and governmental purpose. The bonds, the interest thereon, the proceeds received by a holder from the sale of the bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, and proceeds received at maturity and the receipt of the interest and proceeds are exempt from taxation in the state for all purposes except a state inheritance tax imposed under IC 6-4.1.

Sec. 30. Any bonds issued by the authority under this chapter are exempt from the registration and other requirements of IC 23-2-1 and any other securities registration laws.

Sec. 31. This chapter is supplemental to all other statutes governing the authority.

SECTION 3. IC 4-30-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. The commission shall adopt rules

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under IC 4-22-2 governing the establishment, implementation, and operation of the lottery, including the following:

(1) The type of lottery games to be conducted, ~~except that:~~
including, but not limited to, scratch off tickets, lottery drawings, and pull tabs. Rules adopted under this section are subject to the following limitations:

(A) The name of an elected official may not appear on a ticket or play slip of a lottery game, on a prize, or on an instrument used for the payment of prizes, unless the prize is in the form of a state warrant. ~~and~~

(B) Coins or currency may not be dispensed from an electronic computer terminal or device used in a lottery game.

(2) The sales price of tickets.

(3) The number and size of prizes.

(4) The method of selecting winning tickets. However, if a lottery game involves a drawing, the drawing must be public and witnessed by an independent certified public accountant. The equipment used in the drawing shall be inspected before and after the drawing.

(5) The manner of payment of prizes to holders of winning tickets.

(6) The frequency of drawings of winning tickets.

(7) The number and type of locations at which tickets may be purchased.

(8) The method to be used in selling tickets.

(9) The manner and amount of compensation of retailers.

(10) The feasibility of using for a lottery game a terminal or device that may be operated solely by the player without the assistance of a retailer.

(11) A system of internal audits.

(12) The establishment of a code of ethics for officers and employees of the commission.

(13) Any other matters necessary or desirable for the efficient or economical operation of the lottery or for the convenience of the public.

SECTION 4. IC 4-30-16-3, AS AMENDED BY P.L.2-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) **Subject to subsection (c)**, the commission shall transfer the surplus revenue in the administrative trust fund as follows:

(1) Before the last business day of January, April, July, and October, the commission shall transfer to the treasurer of state, for deposit in the Indiana state teachers' retirement fund

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(IC 5-10.4-2), seven million five hundred thousand dollars (\$7,500,000). Notwithstanding any other law, including any appropriations law resulting from a budget bill (as defined in IC 4-12-1-2), the money transferred under this subdivision shall be set aside in the pension stabilization fund (IC 5-10.4-2-5) to be used as a credit against the unfunded accrued liability of the pre-1996 account (as defined in IC 5-10.4-1-12) of the Indiana state teachers' retirement fund. The money transferred is in addition to the appropriation needed to pay benefits for the state fiscal year.

(2) Before the last business day of January, April, July, and October, the commission shall transfer:

(A) two million five hundred thousand dollars (\$2,500,000) of the surplus revenue to the treasurer of state for deposit in the "k" portion of the pension relief fund (IC 5-10.3-11); and

(B) five million dollars (\$5,000,000) of the surplus revenue to the treasurer of state for deposit in the "m" portion of the pension relief fund (IC 5-10.3-11).

(3) The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) and (2) shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1) and (a)(2). **Subject to subsection (c)**, any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1) and (a)(2) shall be transferred to the build Indiana fund.

(c) The aggregate amount of surplus revenue transferred under subsections (a) and (b) in a state fiscal year may not exceed two hundred million dollars (\$200,000,000). All surplus revenue that exceeds two hundred million dollars (\$200,000,000) in a state fiscal year must be transferred to the Indiana finance authority for deposit in the debt service fund established under IC 4-4-34-15.

SECTION 5. IC 20-12-22.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 22.2. Indiana Opportunity Scholarship

Sec. 1. As used in this chapter, "commission" refers to the state

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1 student assistance commission established by IC 20-12-21-4.

2 Sec. 2. As used in this chapter, "eligible institution" means a
3 public or private college or university that offers a student the
4 opportunity to acquire at least an associate's or baccalaureate
5 degree.

6 Sec. 3. As used in this chapter, "fund" refers to the Indiana
7 opportunity scholarship fund established by section 4 of this
8 chapter.

9 Sec. 4. (a) The Indiana opportunity scholarship fund is
10 established to encourage qualified individuals to pursue a career
11 in Indiana.

12 (b) The fund consists of all money that is:

- 13 (1) appropriated by the general assembly;
- 14 (2) transferred by the Indiana finance authority from the
- 15 Indiana opportunity fund under IC 4-4-34-20;
- 16 (3) transferred by the Indiana finance authority from the
- 17 general funds of the authority;
- 18 (4) donated or granted to the fund; or
- 19 (5) received from any other source.

20 Sec. 5. (a) The commission shall administer the fund.

21 (b) The expenses of administering the fund shall be paid from
22 money in the fund.

23 (c) The treasurer of state shall invest the money in the fund not
24 currently needed to meet the obligations of the fund in the same
25 manner as other public funds may be invested.

26 Sec. 6. (a) The money in the fund shall be used to provide annual
27 scholarships of five thousand dollars (\$5,000) to students who
28 qualify under section 7(a) of this chapter.

29 (b) Each scholarship awarded under subsection (a) is renewable
30 under section 7(b) of this chapter for a total scholarship award that
31 does not exceed eight (8) semesters (or its equivalent).

32 Sec. 7. (a) To initially qualify for a scholarship from the fund, a
33 student must:

- 34 (1) be admitted to an eligible institution as a full-time student
- 35 or already attend an eligible institution as a full-time student;
- 36 (2) agree, in writing, to:
 - 37 (A) remain and work in Indiana for at least the first four
 - 38 (4) years following the student's graduation; and
 - 39 (B) repay an amount determined by the commission if the
 - 40 student does not remain and work in Indiana for at least
 - 41 the first four (4) years following graduation; and
 - 42 (3) meet any other minimum criteria established by the

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commission.

(b) To qualify for a scholarship renewal from the fund, a student must:

- (1) comply with the criteria set forth in subsection (a); and
- (2) maintain a cumulative grade point average of at least 3.0 on a 4.0 grading scale or its equivalent as established by the eligible institution.

However, a scholarship may not be renewed for a student for an academic year that ends later than six (6) years after the date the student received the initial scholarship under this chapter.

Sec. 8. (a) The commission shall maintain complete and accurate records in implementing the scholarship program under this chapter, including records concerning the following:

- (1) Scholarships awarded under this chapter.
- (2) The number of individuals who fulfilled the agreement described in section 7(a)(2) of this chapter.
- (3) The number of individuals who did not fulfill the agreement described in section 7(a)(2) of this chapter.

(b) Each eligible institution shall provide the commission with information concerning the following:

- (1) The academic progress made by each recipient of a scholarship under this chapter.
- (2) Other pertinent information requested by the commission.

Sec. 9. The commission shall adopt rules under IC 4-22-2 to implement this chapter, including rules governing the enforcement of the agreements under section 7(a)(2) of this chapter.

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